

## Business Case for Early Childhood Investments



*ReadyNation is a  
business partnership  
for early childhood  
and economic success.*

*Our mission is to  
amplify the voice of  
business leaders in  
support of early  
childhood policies  
and programs that  
strengthen our  
economy and  
workforce.*

*"By age 5, it is possible to  
predict, with depressing  
accuracy, who will complete  
high school and college and  
who won't."*

David Brooks, *The Biggest Issue*  
New York Times

*"Business is a big stakeholder in the skill level and productivity of the  
workforce, so it stands to reason that business should be involved in  
shaping the early education agenda. The war for talent will be easier  
if there is more talent."*

Dennis Lockhart, President, Federal Reserve Bank of Atlanta

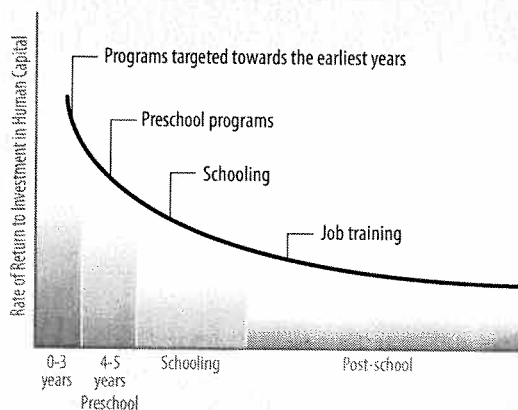
**American business needs employees who are job-ready, team-  
capable, and well-prepared—but we're not getting them:**

- The majority of fourth or eighth graders are not proficient in both math and reading in any state.
- In 2009, U.S. 15-year-olds ranked 25th among 34 developed countries in math and 17th in science.
- Only 25% of young people ages 17 to 24 would qualify to serve in the U.S. military. The rest could not meet the physical, behavioral or educational standards for service—standards that are similar to those many industries use in hiring.

**This failing workforce pipeline can be repaired—but we have to  
start early:**

- The foundation of many skills needed for 21st-century jobs is established in the earliest years.
- Young children's brains develop 700 synapses—neural connections that support learning and skills—every second.
- By age 3, a child's brain has reached more than 85% of its adult weight.
- Disadvantaged children can start kindergarten as much as 18 months behind their peers. Many of these children never catch up and become those most at risk for dropping out.

## RATES OF RETURN TO HUMAN CAPITAL INVESTMENT AT DIFFERENT AGES



SOURCE: Prof. James Heckman, 2000 Nobel Laureate in Economics.

Evidence-based early childhood programs support children's healthy development and help them become productive adults:

- \* High-quality early childhood care and education can close up to half of the educational achievement gap.
- \* High-quality pre-kindergarten education, especially for disadvantaged children, has been shown to:
  - a. Decrease special education placement by 49% and reduce grade retention by 50%;
  - b. Decrease child abuse and neglect by 51% and juvenile arrests by 33%;
  - c. Increase high school graduation by 31% and college attendance by more than 80%; and
  - d. Increase employment by 23%.

- \* At-risk children who participated in one high-quality, voluntary nurse home visiting (parent mentoring) program were 4.2% more likely to graduate from high school than their peers who did not receive services. Mothers who participated had a 30-month reduction in welfare use. One program reduced abuse and neglect among children of high-risk mothers by 77%.
- \* Children who need dental care, but cannot afford it, are much more likely to miss two or more school days per year due to dental problems than those who have access to care — absences that can contribute to the achievement gap.
- \* Preventive efforts to address asthma issues in early childhood have been found to return \$1.46 for every dollar invested, by reducing hospital visits. There was also a 41% reduction in missed school days, and a 50% reduction in parents missing work due to an ill child.

Investments in early childhood programs yield strong short- and long-term returns:

- \* A per-child investment of just \$6,692 in quality pre-k for disadvantaged children yielded a lifetime societal return of up to \$67,937—an ROI of greater than 10:1.
- \* The highest-quality nurse home visiting programs, over time, yield returns of up to \$5.70 per taxpayer dollar spent in reduced mental health and criminal justice costs, decreased dependence on welfare and participants' increased employment.
- \* Child care and pre-k professionals generally spend most of their earnings locally. States realize roughly \$2 in local spending for each federal child care dollar spent.

## Business Leaders Making a Difference

**Ken McNeely**, president of AT&T California, helped lead a successful effort to expand pre-k in that state in 2010: "If we invest now, we can put children on the right path. If we wait 10-12 years, saving these kids becomes more expensive and may be impossible."

**Entergy Arkansas CEO Hugh McDonald** championed this issue and the state has increased funding for pre-k 17-fold. Entergy Corp.'s 2002 report said, "Providing a high-quality preschool education for low-income children is an economic imperative. The benefits to doing so are enormous; the costs of not doing so are equally great."

In 2011, support from the **Vermont Business Roundtable** helped the General Assembly pass legislation lifting the state's cap on pre-k enrollment.

The **Ohio Business Roundtable** was a key supporter of the state's successful 2011 Race to the Top—Early Learning Challenge Fund application.

In 2011, a business group in Erie, Pennsylvania created a scholarship fund for early education, to enable children from low-income families to attend high-quality learning centers.

Virginia executives from companies such as **Capital One** and **Dominion** include early childhood in their list of issues to raise in meetings with state policy makers. When funding cuts for home visiting programs were proposed, business leaders from 29 districts contacted their legislators. The program received a 25% increase for FY 2010.

**Viking Industries** founder **Richard Alexander** and other executives helped persuade the Oregon legislature to nearly double the state's investment in early childhood in 2007 and make a first-time investment of \$1 million in an infant and toddler program in 2010.

National and state business organizations are partnering with ReadyNation to call for investments in early childhood:

National business organizations include:



ReadyNation has worked in 30 states to engage the business community for early childhood. Partners include:

- \* Business Council of Alabama
- \* Los Angeles Area Chamber of Commerce
- \* Executives Partnering to Invest in Children (Colorado)
- \* Iowa Business Council
- \* Iowa Chamber of Commerce Executives
- \* Kentucky Chamber of Commerce
- \* Grand Rapids Chamber of Commerce (Michigan)
- \* Ohio Business Roundtable
- \* Early Learning Investment Commission (Pennsylvania)
- \* Tennessee Chamber of Commerce and Industry
- \* Maine State Chamber of Commerce
- \* Massachusetts Business Roundtable
- \* New Mexico Business Roundtable
- \* Oklahoma Champions for Early Opportunities (OKCEO)
- \* South Carolina Council on Competitiveness
- \* Vermont Business Roundtable
- \* Virginia JobOne

*"If a business wants to create good outcomes, a key principle is to have a great process, starting in the earliest stages - commonly referred to as Six Sigma. In the same way, business leaders know we need to invest early in children's lives if we want them to achieve their full potential."*

Katherine Buser

Executive Vice President, Capital One

## What You Can Do – and How ReadyNation Can Help

### 1. Get involved:

- \* Visit and support high-quality early learning programs in your community.
- \* Join state and local organizations working to advance smart early childhood policies and programs.
- \* Sign up for ReadyNation's e-mail list to learn about evidence, business networking events and new champions.
- \* Adopt family-friendly practices at your business.
- \* Lend your expertise on marketing, management, innovation and other business practices.

### 2. Make the Economic Case:

- \* Encourage your local business and economic development organizations to include early learning policies as part of the economic and workforce development agenda.
- \* Sponsor research on access to early childhood services in your community or state.
- \* Visit ReadyNation's website to learn about the latest research on economic development and early childhood investments.

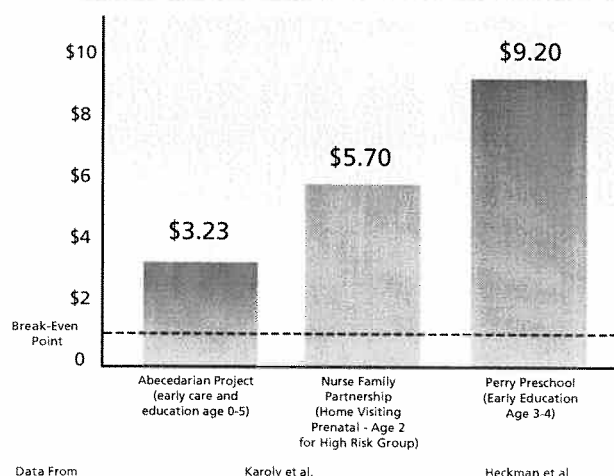
### 3. Take a Stand in Favor of Early Childhood:

- \* Encourage your local business organizations to develop position papers and policy statements on the benefits of effective early childhood programs.
- \* Talk with your elected officials about the value of early childhood investments.
- \* Attend a ReadyNation-sponsored conference or event to connect with the national network of business leader-advocates and to learn more about championing early childhood programs.

### 4. Spread the Word:

- \* Host an event to discuss the importance of early childhood investments.
- \* Talk to your employees, and share information with other business leaders.
- \* Contact ReadyNation to find speakers in your state and for sample speeches, op-eds and other communications materials.
- \* Sign the ReadyNation pledge and share this action with your network.

**Quality Early Care and Education Pays Off:  
Cost/Benefit Analyses Show Positive Returns**



Graph Courtesy: Center on the Developing Child at Harvard University

## Accomplishments

From July 1, 2010 to July 31, 2011, 1,200 business executives affiliated with ReadyNation (then the Partnership for America's Economic Success) had more than 4,300 communications with policy makers at the state and federal level to educate them on the benefits of early childhood investments.

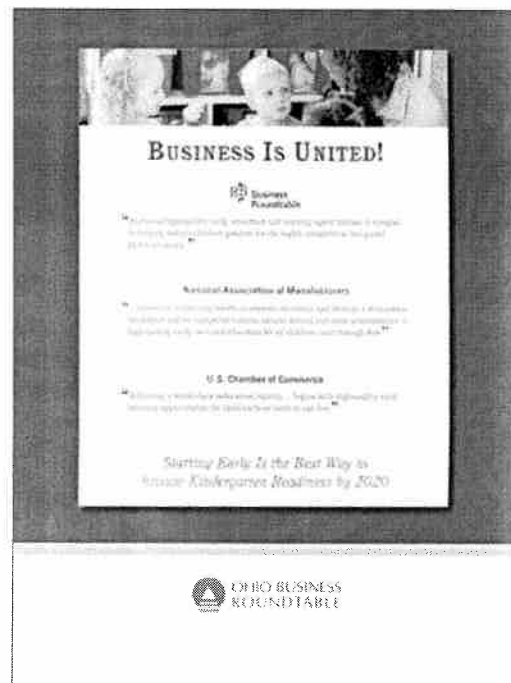
Business leaders in targeted ReadyNation states earned 64 media mentions, and 33 executives signed advertisements that ran in 17 newspapers in 6 states, supporting early education in the federal Elementary and Secondary Education Act.

As a result, policies and programs were protected or expanded across the nation, from Alabama to Oregon.

In addition, ReadyNation offers webinars, business leader summits, new economic evidence, profiles of business champions, sample op-eds and presentation materials to help business leaders and advocates engage executives to speak out. Join our listserv to stay informed.

### Add your voice.

Contact us at: ReadyNation  
(202) 657-0600  
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www.readynation.org  
twitter: @Ready\_Nation



Ohio Business Roundtable The Talent Challenge<sup>2</sup>

*"The data and materials that come to us through ReadyNation not only have credibility with our business leaders, but also help us articulate the case for early childhood investment in a way that resonates with elected officials in Ohio."*

Richard A. Stoff, President  
Ohio Business Roundtable

*"In Pennsylvania, we were able to grow our commission from 24 to 68 active members in no small part due to ReadyNation's financial and technical support. Without that help, we would not have been able to support our members or reach as many legislators... this year that meant making 75 presentations to more than 5,000 people."*

Phil Peterson  
Senior Vice President, Aon

Full citations and a list of funders are available at  
www.ReadyNation.org

**ReadyNation**

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